

## FRAUD REDUCTION/ELIMINATION EFFORT

## CHAPTER 325.

## FRAUD REDUCTION/ELIMINATION EFFORT.

## 22 VAC 40-325-10 Definitions

For purposes of this chapter:

“Collections” means all overpayment monies collected, recovered or recouped by local departments of social services related to food stamps, TANF, and other federal benefit programs administered by the department.

“Department” means the State Department of Social Services.

“Direct costs” means the cost of salary, fringe benefits and supporting costs of operation. Cost for supervisory and clerical staff is excluded from reimbursement.

“Food Stamps” means the program supervised by the Virginia Department of Social Services through which a household can receive electronic food stamps stamp benefits with which to purchase food products.

“Fraud Recovery Special Fund” means the special fund established under ~~§63.4-58.2D~~ §63.2-526D of the Code of Virginia.

“Fraud Reduction/Elimination Effort (Fraud FREE)” means the program established in compliance with ~~§63.4-58.2~~ §63.2-526 of the Code of Virginia to ensure that fraud prevention and investigation are aggressively pursued throughout the Commonwealth of Virginia.

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“Fraud FREE prevention, detection and investigation units” means a person or persons whose job it is to work on all aspects of prevention, detection and investigation of fraud cases.

“General fund” means that portion of the budget of the Commonwealth of Virginia which is made up of general tax revenues, the major sources of which are sales tax, income tax, and profits from the Virginia Lottery.

“Investigation” means gathering evidence on questionable applications, on-going cases and closed cases to determine intent to defraud.

“Local department” means the local department of social services of any county or city in this Commonwealth.

“Local share” means that portion of the administrative costs of operation ~~borne~~ incurred by local departments of social services.

“Performance Expectations” mean qualitative and quantitative standards or measures against which responsibilities and agency/departmental objectives are assessed.

“Private entities” means individuals or organizations other than federal, state, or local personnel or agencies.

“Public assistance” means Temporary Assistance for Needy Families (TANF); auxiliary grants to the aged, blind and disabled; medical assistance; energy assistance; food stamps; employment services; child care and general relief.

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~~“Reimbursed”~~ “Reimbursement” means the process by which the Department of Social Services provides monetary credit to local departments of social services for their approved administrative costs.

“State retained portion of collections” means the amount of collections less any refunds due to the federal government, consistent with federal reimbursement regulations.

“Supporting costs of operation” means program costs other than salaries and fringe benefits. These supporting costs of operation include travel, telephone, utilities, supplies, ~~and allowance for space,~~ and training and conference fees for positions funded by the FREE Program.

~~“TANF” means the Temporary Assistance for Needy Families program.~~

“Temporary Assistance for Needy Families (TANF)” means the program administered by the Department through which a relative can receive monthly cash assistance for the support of his eligible children.

~~“Workload measures” means those validated measures, adopted and implemented by the department, used to determine necessary appropriations for personnel and operating costs for mandated programs and services.~~

22VAC40-325-20. The Fraud Reduction/Elimination Effort.

A. In compliance with ~~§63.1-58.2~~ §63.2-526 of the Code of Virginia, the Department of ~~Social Services~~ shall establish a statewide fraud prevention and ~~control~~ investigation program to be named the Fraud Reduction/Elimination Effort (~~Fraud~~ FREE).

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1. The Department shall develop and implement policies and procedures for the ~~Fraud~~ FREE program.
  2. The Department shall provide a detailed local reimbursement procedure, on an annual basis, to assist in the formulation of the ~~locality's~~ local departments' ~~Fraud~~ FREE program operation plan. The department's procedure shall project the available funding and the number of local fraud ~~workers~~ investigators for each ~~locality~~ local department which the ~~Fraud~~ FREE program will support. The number of ~~workers~~ investigators shall be based on an evaluation of the available funding and appropriate criteria from one or more of the following: a ~~agency's~~ local department's average TANF and Food Stamp caseload size, average number of monthly applications for food stamps and TANF, number of local department workers, geographic location, number of fraud investigations, program compliance, collections and ~~workload measures~~ performance expectations.
  3. The Department shall develop, implement and monitor local fraud unit performance expectations.
- B. Each local department ~~of social services~~ shall ~~aggressively~~ pursue fraud prevention, detection and ~~investigation~~ investigations.
1. Each local department shall conduct fraud prevention, detection and investigation activities consistent with the requirements of federal regulations, the Code of Virginia, the regulations contained herein and the Department's ~~Fraud~~ FREE program policy.

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2. Each local department shall submit to the Department, for annual approval, a program operation plan, formatted by the Department, which shall include a description of the ~~program staffing~~, local department's prevention, detection and investigative process, agreement with the Commonwealth's Attorney, identification of staff charged with oversight or supervisory responsibility of the FREE program, performance expectation monitoring process, signed commitment to adhere to specified responsibilities identified in the Statement of Assurance section of the program operation plan, and proposed annual budget to include the identification of the FREE program investigators, their salary, fringe benefits and supporting operation costs.

3. Upon request, each local department shall provide the Department with an accounting of FREE program expenditures.

C. ~~Each local department shall establish a separate fraud unit to the extent that funding is available~~ Funding for the FREE program shall be comprised of balances in the Fraud Recovery Special Fund, general funds available for this activity, and any federal funds available for this purpose.

1. In order to receive ~~full~~ reimbursement of the local share of direct costs and supporting costs of operation, a local ~~agency~~ department must:

a. Comply with all pertinent law, regulation and policy;

b. ~~Collect overpayments, net refunds due to the federal government, which equal~~

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~~or exceed the local share of direct costs of its approved positions dedicated to Fraud FREE.~~ In accordance with the law, each local department shall establish and maintain a FREE prevention, detection and investigation unit; and

c. Recover fraud and non-fraud related overpayments of designated federal assistance programs. Each local department's level of reimbursement of direct and support operation costs is paid from available federal funds, general funds and state retained portion of collections. Each local department's annual budget allocation will equal their state share of TANF and Food Stamp fraud and household error overpayment recoveries from a designated previous local fiscal year, divided by the current percentage of the state share of program direct costs as determined by cost allocation. The result yields the total budget amount.

2. Local departments may contract with other local departments to share a fraud prevention and investigation unit and may contract with private entities to perform fraud ~~investigation~~ investigations. Any private entity performing fraud ~~investigation~~ investigations shall comply with the requirements of ~~§2.1-155.3~~ §30-138 of the Code of Virginia and the restrictions of ~~§63.1-58.2~~ §63.2-526 of the Code of Virginia.